

## **Budgeting while unemployed**

Source: [Financial Consumer Agency of Canada](#)

### **Review your budget**

Maybe someone in your family has lost their job and this means living with less income to pay for household expenses. You may need to reduce your spending.

The first step to managing with less income is to understand how you spend your money. Review your expenses and look for areas where you can cut expenses to free-up more money for priority items.

[Find out how to make a budget.](#)

### **Prioritize your expenses**

Every budget includes needs and wants. Needs are things you must have, such as housing and food.

Focus on paying for your needs first.

These include:

- Your rent or mortgage
- Your heating and electricity
- Your groceries
- Your debt payments

Next, look at your wants. Wants are expenses you can afford if there's money left over after paying for your needs.

These may include:

- Eating at restaurants
- Entertainment
- Brand-name clothing

List your wants in the order of expenses that are most important to you. Stop spending money on the wants that are at the bottom of your list.

### **Adjust your spending**

Once you review your budget, adjust your spending so that you can live on less income.

Avoid using your credit card or line of credit to cover your expenses. This will only increase your debt. Find ways to reduce costs on your needs. For example, lower the temperature in your home to reduce heating bills.

Reduce spending on your wants. For example, make dinner at home instead of going to a restaurant. Even small changes to your budget can have a big impact over time.

[Try the My Expenses Calculator to learn how small purchases can add up over time.](#)

### **Prepare your finances when your job is at risk**

If you think you may lose your job, take the time to get your finances in order. It may help you avoid debt and financial stress if you do lose your job.

### **Build an emergency fund**

An emergency fund will help you manage your expenses if you lose your job. Try to save enough money to cover three to six months of your living expenses.

Build your emergency fund in an account where you can access the money easily without paying fees. Use a different account from your regular chequing or savings account so you won't be tempted to spend your savings, except in an emergency. To help you save, consider having part of your pay automatically deposited into the emergency fund on a regular basis.

### **Review your benefits**

If your employer offers extended health and dental benefits, review what coverage you have. Take advantage of the benefits while you're still employed as you may not have access to these benefits if you lose your job. For example, you may not be able to make a claim for dental work or new glasses once you lose your job.

### **Related links**

- [Making a plan to be debt-free](#)
- [Paying off your credit card](#)
- [Budget Planner](#)
- [Making a budget](#)